

Message Text

CONFIDENTIAL

PAGE 01 LONDON 03938 01 OF 02 101805Z
ACTION EUR-12

INFO OCT-01 EA-10 IO-13 ISO-00 AID-05 CEA-01 CIAE-00
COME-00 EB-08 FRB-03 INR-10 NSAE-00 SP-02 STR-07
TRSE-00 LAB-04 SIL-01 OMB-01 ITC-01 SS-15 /094 W
-----059123 101848Z /47

P R 101748Z MAR 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC PRIORITY 4025
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
USMISSION GENEVA

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 03938

USEEC ALSO FOR EMBASSY

USMTN ALSO FOR USMISSION

E.O. 11652: XGDS-1
TAGS: ETRD, JA, UK
SUBJECT: AUTOMOBILES: JAPANESE EXPORTS TO UK

REF: LONDON 3737

BEGIN UNCLASSIFIED.

1. THE OFFICIAL TEXT OF TRADE SECRETARY EDMUND DELL'S
WRITTEN ANSWER TO THE QUESTION WHETHER HE HAD "RECEIVED
ANY CLARIFICATION FROM THE JAPANESE OF THEIR INTENTIONS
CONCERNING EXPORT TO THE UNITED KINGDOM OF MOTOR
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LONDON 03938 01 OF 02 101805Z

VEHICLES AS FOLLOWS:

"MR. DELL: YES. A LETTER HAS BEEN HANDED TO OUR
EMBASSY IN TOKYO BY THE JAPANESE MINISTRY OF INTER-
NATIONAL TRADE AND INDUSTRY (MITI).

IN THIS LETTER MITI HAS EXPLAINED THAT IT WILL

GIVE "STRONG ADMINISTRATIVE GUIDANCES" TO THE JAPANESE VEHICLE INDUSTRY. THE EFFECT WILL BE TO LIMIT SHIPMENTS OF CARS TO THE UNITED KINGDOM IN 1978. MITI SAYS THAT ACCORDINGLY, IT CONFIDENTLY EXPECTS THAT THE JAPANESE SHARE OF THE FORECAST MARKET IN 1978 WILL DECLINE FROM THE ACTUAL SHARE TAKEN IN 1977. THE LETTER ALSO CONTAINS NEW ASSURANCES ON SHIPMENTS OF COMMERCIAL VEHICLES. IN ADDITION, MITI HAS UNDERTAKEN TO ENSURE THAT THERE WILL BE A REGULAR EXCHANGE OF VIEWS BETWEEN OUR INDUSTRY AND THE JAPANESE INDUSTRY.

I VERY MUCH HOPE THAT BRITISH MANUFACTURERS, PARTICULARLY BRITISH LEYLAND, WILL BE ABLE TO TAKE ADVANTAGE OF THE GREATER DEGREE OF CERTAINTY WHICH I BELIEVE THESE ASSURANCES GIVE THEM.

FOLLOWING IS THE TEXT OF THE LETTER:

"MITI IS GREATLY CONCERNED WITH THE QUESTION OF JAPAN'S MOTOR CAR EXPORTS TO THE UK.

IT IS OUR UNDERSTANDING THAT JAPANESE AUTOMOBILE MANUFACTURERS WILL CONTINUE TO MAINTAIN THEIR COOPERATIVE ATTITUDES TOWARD THE BRITISH SIDE AND KEEP THEIR EXPORTS IN A MODERATE MANNER.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LONDON 03938 01 OF 02 101805Z

MITI, FULLY RECOGNIZING THE SPECIAL CIRCUMSTANCES OF THE BRITISH INDUSTRY AND SINCERELY HOPING FOR THE EARLY AND SUCCESSFUL REVITALISATION OF THE BRITISH INDUSTRY, WILL CONDUCT THE STRONG ADMINISTRATIVE GUIDANCES THIS YEAR TO THE FOLLOWING EFFECT SO AS NOT TO INTERRUPT THE VERY PROCESS OF RECONSTRUCTION OF THE UK AUTOMOBILE INDUSTRY.

I. THE NUMBER OF PASSENGER CARS TO BE SHIPPED FROM JAPAN TO THE UK IN 1978 WILL NOT EXCEED THE LEVEL OF 1977.

II. THE NUMBER OF LIGHT COMMERCIAL VEHICLES (UP TO 3.5 TONS) TO BE SHIPPED FROM JAPAN TO THE UK IN 1978 WILL NOT EXCEED THE LEVEL OF 1977.

III. HEAVY COMMERCIAL VEHICLES (OVER 3.5 TONS) WILL NOT BE SHIPPED DIRECTLY FROM JAPAN TO THE U.K.

ACCORDINGLY IT IS THE CONFIDENT EXPECTATION OF MITI THAT THE JAPANESE SHARE OF THE UK MARKET FOR PASSENGER CARS WILL NATURALLY DECLINE FROM THE SHARE

TAKEN IN 1977, ASSUMING THE MARKET GROWS IN ACCORDANCE
WITH THE FORECAST GIVEN BY THE SMMT TO JAMA.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 LONDON 03938 02 OF 02 101804Z
ACTION EUR-12

INFO OCT-01 EA-10 IO-13 ISO-00 AID-05 CEA-01 CIAE-00
COME-00 EB-08 FRB-03 INR-10 NSAE-00 SP-02 STR-07
TRSE-00 LAB-04 SIL-01 OMB-01 ITC-01 SS-15 /094 W
-----059112 101848Z /47

P R 101748Z MAR 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC PRIORITY 4026
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
USMISSION GENEVA

C O N F I D E N T I A L SECTION 02 OF 02 LONDON 03938

MITI WILL TAKE STEPS TO ENSURE THAT THE JAPANESE
SIDE WILL BE FULLY PREPARED TO EXCHANGE VIEWS REGULARLY
WITH THE BRITISH SIDE ON THE DEVELOPMENT OF THE UK
MARKET AND OF JAPANESE SHIPMENT OF MOTOR CARS TO THE
UK." END TEXT

2. PRESS REPORTS MAKE THE FOLLOWING ADDITIONAL POINTS:

A. THE JAPANESE ASSURANCES DO NOT REFER TO THE HIGH
LEVEL OF STOCKS, BELIEVED TO BE 40,000 - 50,000
JAPANESE CARS, ALREADY IN THE COUNTRY AT THE END OF
LAST YEAR.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LONDON 03938 02 OF 02 101804Z

B. THE UK MARKET PROJECTION REFERRED TO IN THE MITI LETTER IS FOR SALES OF 1,450,000(THE JAPANESE SHARE OF THE MARKET WAS 10.6 PERCENT IN 1977.).

C. THIS IMPLIES ACTUAL SHIPMENTS IN 1978 WELL BELOW THE 163,000 CARS EXPORTED LAST YEAR.

D. THE UK WILL MONITOR ARRIVALS, AND RESTRICTIONS ARE NOT RULED OUT SHOULD THE JAPANESE NOT MEET THEIR COMMITMENTS.

E. DELL'S STATEMENT THAT "BRITISH MANUFACTURERS...WILL BE ABLE TO TAKE ADVANTAGE OF THE GREATER CERTAINTY" IS TAKEN TO MEAN THAT THE BRITISH MOTOR INDUSTRY COULD NOT EXPECT FURTHER GOVERNMENT HELP.

F. THE ARRANGEMENT NOW ANNOUNCED IS FOR ONE YEAR BUT IS EXPECTED TO BE RENEGOTIATED FOR 1979 BY THE TWO COUNTRIES' MOTOR INDUSTRIES.

3. BRITISH LEYLAND SAID IT WAS PLEASED WITH THE ASSURANCES BUT ADDED THAT WHILE ITS OWN STOCKS ARE HIGH, SO TOO ARE THOSE OF THE JAPANESE. DATSUN DEALERS PLACED ADS CLAIMING THEY ARE THE VICTIMS OF UNILATERAL DISCRIMINATION. MAZDA CAR IMPORTS' MANAGING DIRECTOR SAID AN IMMEDIATE CONSEQUENCE WOULD BE INCREASED IMPORTS OF EUROPEAN CARS; HE DOUBTED THAT THE ARRANGEMENT WOULD GIVE LEYLAND ANY BREATHING SPACE.

END UNCLASSIFIED, BEGIN CONFIDENTIAL.

4. ROBIN GRAY, DEPUTY SECRETARY OF THE DEPARTMENT OF TRADE, PROCESSES HIMSELF VERY HAPPY WITH THE ARRANGE-
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LONDON 03938 02 OF 02 101804Z

MENT. HE THINKS IT AS "GOOD" A DEAL AS BRITAIN COULD HAVE OBTAINED. HE DESCRIBES IT AS ESSENTIALLY THE SAME SORT OF ARRANGEMENT AS IN PREVIOUS YEARS, THOUGH OVERT GOVERNMENT PARTICIPATION HAS OBVIOUSLY GROWN. IN HIS VIEW, THE ARRANGEMENT SHOULD NOTABLY REDUCE UK-JAPANESE TENSIONS OVER TRADE. HE ALSO HOPES THAT LEYLAND'S PLIGHT WILL STABILIZE SUFFICIENTLY TO LET THIS SORT OF DEAL SUFFICE IN THE AUTO SECTOR.

END CONFIDENTIAL.

BREWSTER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, AUTOMOBILES
Control Number: n/a
Copy: SINGLE
Draft Date: 10 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978LONDON03938
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X1
Errors: N/A
Expiration:
Film Number: D780108-0820
Format: TEL
From: LONDON USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780383/aaaacsfw.tel
Line Count: 226
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 48a9acc9-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 LONDON 3737
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 25 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3375023
Secure: OPEN
Status: NATIVE
Subject: AUTOMOBILES: JAPANESE EXPORTS TO UK
TAGS: ETRD, JA, UK
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/48a9acc9-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014